

Message Text

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ACTION AF-06

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 PA-01 PRS-01 IO-10

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R 261505Z SEPT 75

FM AMEMBASSY LOME

TO SECSTATE WASHDC 9727

INFO AMEMBASSY ABIDJAN

AMEMBASSY ACCRA

AMEMBASSY COTONOU

AMEMBASSY NIAMEY

AMEMBASSY OUAGADOUGOU

AMEMBASSY PARIS

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E.O. 11652: N/A

TAGS: ECON, EINV, TO

SUBJECT: TOGO'S THIRD FIVE YEAR PLAN: FRENCH PARTICIPATION

REF: A. LOME 2121

B. LOME 2094

I. LOME 813 (NOTAL)

1. AS PRESIDENT EYADEMA ANNOUNCED IN SEPTEMBER 19 PRESS CONFERENCE (REF A) TOGO'S THIRD FIVE-YEAR PLAN (1976-80) WILL REQUIRE INVESTMENTS TOTALLING CFA250 BILLION (DOLS 1.1 BILLION AT CFA 225/1 DOL US). THIS MORE THAN THREE-FOLD INCREASE OVER SECOND PLAN PROJECTED OUTLAY WILL REQUIRE, AS EYADEMA INDICATED, OUTSIDE ASSISTANCE FOR IMPLEMENTATION. ALTHOUGH THIRD PLAN DOCUMENT WAS SUPPOSED TO BE MADE PUBLIC IN JUNE (REF B) IT HAS NOT APPEARED, NOR IS THERE ANY INDICATION WHEN IT WILL BE RELEASED. NO FURTHER THIRD PLAN DETAILS AVAILABLE AT THIS
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TIME.

2. IN SAME PRESS CONFERENCE, PRESIDENT EYAEEMA ALSO SAID FRENCH BUSINESS DELEGATION HEADED BY MR. CEYRAC, PRESIDENT OF CONSEIL DU PATRONAT FRANCAIS, WILL VISIT HERE JANUARY 1976 TO DISCUSS PRIVATE FRENCH INVESTMENT IN PLAN PROJECTS INCLUDING CIMAO AND FERTILIZER PLANT CONSTRUCTION.

3. COMMENT: A) EMBASSY BELIEVES TOGO WILL, IN FACT, REQUIRE MASSIVE OUTSIDE ASSISTANCE TO IMPLEMENT DEVELOPMENT PLAN ON THIS SCALE. ALTHOUGH LAST YEAR'S PHOSPHATE SALES, AT RECORD PRICES, MAY HAVE EARNED AS MUCH AS DOLS 80-100 MILLION, 1975 RECEIPTS SHOULD BE CONSIDERABLY LOWER DUE TO SUBSTANTIALLY REDUCED EXPORTS (LESS THAN 50 0/0 OF 1974) TO TRADITIONAL EUROPEAN BUYERS. EVEN IF EYADEMA DID SUCCEED, AS SOME HERE SPECULATE, IN PERSUADING FRENCH TO RESUME LARGE SCALE PHOSPHATE PURCHASES, IT SEEMS HIGHLY UNLIKELY THEY WOULD DO SO EXCEPT AT A CONSIDERABLY LOWER PRICE THAN PREVIOUS 75 DOLS/MT TOGO HAS BEEN RECEIVING SINCE MID-1974.

B) THIRD PLAN CALLS FOR INVESTMENT SPENDING AVERAGE OF CFA50 BILLION (DOLS 22 MILLION) PER YEAR FOR NEXT FIVE YEARS; THIS FIGURE IS 67 0/0 GREATER THAN TOTAL 1975 NATIONAL RECURRING AND DEVELOPMENT BUDGET. IF TOGO HAD SOLD WHOLE OF ORIGINAL 1975 TARGET OF 2.5 MILLION MT AT 75 DOLS/MT, THIS WOULD HAVE REALIZED GROSS SALES OF ONLY DOLS 187.5 MILLION. IN VIEW HIGH PROBABILITY THAT GROSS 1975 PHOSPHATE RECEIPTS WILL ONLY BE AROUND HALF THAT FIGURE, EMBASSY CANNOT SEE HOW GOT CAN EXPECT TO FINANCE MORE THAN MINOR FRACTION OF ITS THIRD PLAN REQUIREMENTS FROM ITS OWN RESOURCES. FURTHERMORE, ACCORDING TO ONE UN FERTILIZER EXPERT, TOGO'S PHOSPHATE MINES AT PRESENT MINING SITES AT HAHOTOE MAY LAST ONLY 12 MORE YEARS AT 1974 PRODUCTION RATE.

C) FINALLY, EMBASSY HAS RELIABLE INDICATIONS THAT POOR PERFORMANCE OF GOT'S OFFICE TOGOLAISE DES PHOSPHATES (OTP) IS EVIDENTLY CAUSING GOT TO ENTRUST SOME PHOSPHATE MARKETING TO PRIVATE PARTIES: AS REPORTED PARA 6 REF A, AMCIT REPRESENTATIVE OF US COMPANY HOLDING MANAGEMENT CONTRACT FOR TOGO'S OIL REFINERY CLAIMS TO HAVE ARRANGED FOR SALES OF 600,000 MT IN WEST GERMANY. EMBOFF RECENTLY WAS TOLD BY E.A. JOHNSON, TOGOLESE REP FOR LANG AFRIQUE (SUBSIDIARY OF LANG ENGINEERING OF FLORIDA) THAT LIMITED OFFICIAL USE

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HE IS TRYING TO LOCATE PHOSPHATE CUSTOMERS IN US AND EUROPE, IMPLYING OTP IS FALLING DOWN ON JOB; JOHNSON SAID NO PHOSPHATES HAVE BEEN EXPORTED FROM TOGO IN PAST FIVE MONTHS AND CTMB PRODUCTION HAS NOW BEEN SHUT DOWN. LAST SALE MADE WAS AT DOLS 269 PER TON ALTHOUGH, JOHNSON SAID, WORLD PRICE NOW AROUND DOLS 55/MT. THIRD SOURCE, TOGOLESE BUSINESSMAN, RECENTLY COMMENTED TO EMBOFF THAT DIRGEN OF OTP M'BA H. KABBASEMA KNOWS NEXT TO

NOTHING ABOUT SELLING PHOSPHATES AND, IN FACT, "KNOWS AS
LITTLE ABOUT ECONOMICS AS PRESIDENT EYADEMA."
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